

Message Text

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PAGE 01 MANILA 05163 030755Z

ACTION EB-08

INFO OCT-01 EA-10 IO-13 ISO-00 AGRE-00 CIAE-00 COME-00

INR-10 LAB-04 NSAE-00 SP-02 STR-07 TRSE-00 FRB-03

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FM AMEMBASSY MANILA

TO SECSTATE WASHDC 3762

INFO USMISSION GENEVA

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GENEVA FOR PHELAN

E.O. 11652: N/A

TAGS: ETRD, RP

SUBJECT: TEXTILES: GOP REORGANIZATION OF TEXTILE RESPONSIBILITIES

REF: A. MANILA 3956, B. MANILA 3957, C. MANILA 4187

1. MANILA MORNING NEWSPAPERS OF APRIL 3 REPORTED THAT PRESIDENT MARCOS HAS SUSPENDED IMPLEMENTATION OF LETTER OF INSTRUCTIONS (LOI) NO. 676 OF MARCH 2, 1978 (LOI NO. 676 WAS REPORTED AND DISCUSSED IN REFTELS.) SUSPENSION ORDER WAS CONTAINED IN LOI NO. 679 SIGNED BY MARCOS MARCH 10, AND ACCORDING TO NEWSPAPER ACCOUNTS, RELEASED ON MARCH 22.

2. UNDER TERMS OF SUSPENDED LOI 676, IMPLEMENTATION OF ALL TEXTILE AGREEMENTS WAS VESTED IN THE DEPARTMENT OF TRADE. THE LOI ABOLISHED THE TEXTILE EXPORT BOARD, AND SUBSEQUENTLY, THE DEPARTMENT OF TRADE (DOT) CREATED THE GARMENT AND TEXTILE EXPORTS OFFICE AND APPOINTED AN EXECUTIVE COMMITTEE TO ADVISE ON POLICY. THE OFFICE WAS PLACED UNDER THE DIRECT CONTROL OF TRADE UNDERSECRETARY VICENTE VALDEPENAS WHO WAS ALSO
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PAGE 02 MANILA 05163 030755Z

NAMED CHAIRMAN OF THE EXECUTIVE COMMITTEE.

3. THE DOT ADMINISTRATIVE ORDER IMPLEMENTING LOI 676 EXPLICITLY EMPHASIZED NEED TO MAKE ROOM FOR NEW (AND SMALLER) EXPORTERS, AND DIVIDED QUOTE, WITH 80 PERCENT GOING TO ESTABLISHED MANUFACTURERS AND 20 PERCENT TO "NEW ENTRANTS". THIS DEVELOPMENT DREW PROTESTS FROM

A NUMBER OF THE LARGE TEXTILE EXPORTERS WHO LOBBIED FOR REVOCATION OF THE LOI. UNDER THE NEW LOI, MARCOS ORDERED DOT TO "CONSULT WITH THE PRIVATE INDUSTRY SECTOR AND SECURE THE APPROVAL OF THE NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY (NEDA)" BEFORE NEW GUIDELINES AND POLICIES ARE IMPLEMENTED. DOT AND NEDA WERE DIRECTED TO CONDUCT AN INTENSIVE DIALOGUE WITH THE PRIVATE SECTOR TO EVOLVE A POLICY BENEFICIAL TO ALL SECTORS.

4. COMMENT: AS REPORTED REFTELS, INTER-INDUSTRY AND INTER-GOVERNMENTAL POWER PLAYS WILL PROBABLY CONTINUE AT LEAST UNTIL APRIL 7 ELECTION AND VERY POSSIBLY LONGER. POWER STRUGGLE REFLECTS EFFORTS OF GOP TO ADAPT GOVERNMENT STRUCTURES SUPPORTING TEXTILE INDUSTRY TO NEW DRIVE FOR ADDITIONAL EXPORTS AS WELL AS PERSONAL AMBITIONS OF HIGH OFFICIALS IN TRADE (VALDEPENAS), FINANCE (EMBROIDERY BOARD CHAIRMAN AND UNDERSECRETARY PIO DE RODA) AND THE BOARD OF INVESTMENTS (GOVERNOR BEN SANCHEZ). LOCAL LEADERS OF APPAREL INDUSTRY ARE WORKING BEHIND SCENES TO PROTECT THEIR OWN INTERESTS WHILE AVOIDING CLOSE IDENTIFICATION WITH ANY ONE GOVERNMENTAL FACTION. U.S. INTERESTS WILL PROBABLY NOT REPEAT NOT BE AFFECTED UNLESS VARIOUS GROUPS BEGIN TO COMPETE FOR ROLE OF "TOUGHEST NEGOTIATOR" VIS-A-VIS THE UNITED STATES. SO FAR, THERE IS NO SIGN OF SUCH A DEVELOPMENT.

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PAGE 03 MANILA 05163 030755Z

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Message Attributes

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Channel Indicators: n/a
Current Classification: UNCLASSIFIED
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Draft Date: 03 apr 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
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ISecure: 1
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